

# INDUSTRY UPDATE

Biweekly Period Ending June 2, 2001

## Phoenix Metro Area

### **Manufacturing**

If you see a funny-looking yellow object circling the Valley sky in the near future, don't call the UFO hotline. It's probably a test flight of a **gyroplane**, whose **manufacturer** intends to **open a 200,000-square-foot manufacturing facility in Glendale by spring 2002**. Salt Lake City-based **Groen Brothers**, which builds the odd-looking combination



UFO? No, this is newest version of the gyroplane Hawk 4.

107<sup>th</sup> and Glendale avenues. Currently employing about 30 people at a Buckeye test facility, Groen expects to **initially hire 300 workers** for the production facility. The company, which is awaiting Federal Aviation Administration approval for its latest version of the gyroplane, the Hawk 4, has 140 orders totaling \$105 million. Potential customers are law enforcement, utilities, and tour operators.

### **Retail Trade**

A number of news stories relating to the Valley surfaced out of the International Council of Shopping Centers convention in Las Vegas in late May. Among the biggest news was that Wisconsin-based **Kohl's** is planning to **open at least 10 stores** in the Phoenix-area over the **next several years**. Likely sites for

the fast-growing discount department store are: Desert Ridge Marketplace, northeast Phoenix; Agua Fria Towne Center, Glendale; Gilbert Gateway Towne Center; and Loop 202 and Power Road, Mesa. Developer Vestar will build all of these centers. ... With four months until opening, **Chandler Fashion Center**, Loop 101 and Chandler Boulevard, is **90 percent leased**. About **3,500 jobs** will be **created** by the 1.3 million-square-foot mall. ... **Scottsdale Fashion Square** (Scottsdale and Camelback roads) is expected to **land** either **Bloomingdale's or Macy's** to replace the 235,000-square site formerly used by Sears, which exited the mall earlier this year. It would be the Valley's first Bloomingdale's or sixth Macy's. ... **Westcor Cos.**, which owns the Chandler and Scottsdale Fashion Centers, has **two power centers** in the **development stage** and is **expanding/renovating several others**. Westcor is pre-leasing a planned 1 million-square-foot **Gilbert Crossroads** center, Williams Field and Greenfield roads, and the 620,000-square-foot **Scottsdale 101**, Scottsdale Road and Mayo Boulevard. And the Phoenix-based shopping center developer plans to **renovate four other properties** — Arrowhead Towne Center, Glendale; Superstition Springs Center, Mesa; Desert Sky Mall, west Phoenix; and Paradise Valley Mall, north Phoenix. Planned at Arrowhead and Desert Sky, new anchor stores; at Desert Sky and Paradise Valley, expanded movie complexes; and at Superstition and Desert Sky, outdoor "village" retail shops.

### **Government**

The **Federal Reserve** is nearing completion of its new **cash operations center** in **Phoenix**, while the **U.S. Postal Service** announced it will **open several new branches**

over the next couple of months and **build** a \$14 million **airmail center** near Sky Harbor International Airport. The 66,000-square-foot **Federal Reserve facility**, which will **employ about 50 people**, will **open** in early **September**. The windowless, high-security building at 47<sup>th</sup> Avenue and McDowell Road will house excess cash for banks, savings & loans, and credit unions in the state. Somewhat less imposing will be the three new post office branches: opening in July, Crimson Road and Southern Ave., Mesa; Bell Road and Parkview Place, Surprise; and in September, 2550 E. Rose Garden Lane, north Phoenix. The 145,000-square-foot **airmail center** at 24<sup>th</sup> Street and Buckeye Road, expected to **open in February 2003**, will be six times larger than the post office's current Sky Harbor facility.

---

### **Tucson Metro Area**

#### ***Mining***

Although 80 workers were laid off at a Tyrone, N.M., mining and leaching operation, for the time being, **Phelps Dodge** plans **no layoffs** at its **Sierrita** copper and molybdenum **mine in Green Valley**, about 50 miles south of Tucson. In January, Phelps Dodge notified 2,500 workers at several mines in Arizona and New Mexico of the possibility of layoffs due to escalating energy costs. As reported in the May 5<sup>th</sup> *Industry Update*, in an unrelated move, **500 administrative workers** at the company's headquarters in Phoenix and other locations throughout the world were **laid off**.

#### ***Trade***

**Family Dollar**, a national discount retailer, recently **opened** its **fourth** and **fifth locations in Tucson**, with **plans for five more stores** this year. The Charlotte, N.C.-based chain, which has 4,000 stores in 39 states, has 33 locations throughout Arizona. Family Dollar, with sales of \$3.1 billion, plans to open 500 stores throughout the country in 2001.

#### ***Services***

An Illinois-based **teleservices company** will **open** a 63,000-square-foot **call center** to handle clients of a high-speed **Internet provider**. **APAC Customer Services Inc.**, which expects to **hire 450 full- and part-time workers**, will service incoming sales calls. Entry-level workers will make around \$8 an hour, plus bonuses. APAC is moving into a facility at 1650 S. Research Loop formerly occupied by First Data Corp., which closed its operation and laid off 1,100 workers last year when a contract ended with MCI WorldCom. For more information, call 1-800-776-2722 or go to APAC's Internet site: <http://www.apaccustomerservices.com/careers>.

#### ***Government***

To help pay for a nearly \$4,000 per-employee raise and offset a \$10 million budget deficit, the **Tucson Unified School District** will **eliminate more than 100** (filled and unfilled) **positions**. Workers who lose their jobs will be given priority in filling vacant positions.

---

### **Balance of State**

#### ***Construction***

A **number** of building **projects in various stages of development** were recently in the news. The **Camp Verde Town Council approved** plans for three parcels of **land near Interstate 17 and Arizona 260**. Work on the project, which is expected to **include restaurants, hotels, and convenience stores**, could be under way within a year. ... **Lake Havasu City investors** are attempting to **line up stores** for a 240-acre **regional mall/"power center"** where Home Depot is currently building a 140,000-square-foot store (State Route 95 near the municipal airport). An announcement about the project's status is expected by the end of July. ... Phoenix-based **Westcor Cos.** has **reduced** by three-fourths the **size** of its planned 90-acre **expansion of Flagstaff Mall**. Lack of city

funding for infrastructure — through a sales tax — has led to the elimination of a 50-acre business park and half of a 40-acre retail shopping village (including a 10-screen movie complex). **Still planned** is a **Wal-Mart “supercenter.”** ... **Yavapai County supervisors** gave preliminary **approval** to a **700-acre project in Paulden** (southeast of Prescott), called **Rancho Cielo**, that will feature more than **1,250 single-family residences** built in nine phases. Formerly known as Headwaters Ranch (because of its closeness to the Verde River headwaters), Rancho Cielo will **also include a golf course and commercial area**. Work on the golf course will begin within a year.

### **Government**

Despite a 4.2 percent drop in its yearly budget — due to fewer capital-spending projects — **Coconino County** will **increase its full-time staff** by **more than 30** during fiscal year 2001-2002. The county will employ more than 1,050 full-time workers if all of the new positions are filled. Information on the type of jobs being added was not available.

### **Services**

The hiring of a full-time nursing professor at the Northern Arizona University-Yuma campus is expected to lead to the **training and employment of additional nursing personnel** for **Yuma Regional Medical Center (YRMC)**. The medical center, which desperately **needs nurses** for its **intensive care unit and operating room**, will pay the salary of the professor. The full-time teaching position is expected to allow the school to enroll more students in its bachelor's degree program. **Another source** of nurses is **Arizona Western College** (in Yuma), which awarded 31 students with associate's nursing degrees this spring. Most of the graduates are expected to work or receive training at YRMC.

---

### **Statewide**

#### **Finance, Insurance, and Real Estate**

**Two** of the state's **largest health maintenance organizations (HMOs)** **suffered losses** in the first quarter of 2001, continuing a negative trend from the year before. **United HealthCare of Arizona** lost \$1.8 million, and **Health Net of Arizona**, \$6.4 million, in the first quarter. United HealthCare has 255,000 members and Health Net has 320,000 clients. **In 2000, half** of the state's **10 largest HMOs lost money** after taxes, with United (\$35 million) and Health Net (\$25 million) bleeding the largest amount of red ink. Rising health care costs — prescriptions, expanded treatments, hospital bills — are blamed for the tough times in the industry. While some layoffs in the industry have been reported, for the most part HMOs in Arizona continue to expand their operations, primarily because of the state's rapid population growth.

---

## **INDUSTRY UPDATE**

*Industry Update* is produced biweekly as a stand-alone publication and quarterly as part of *Arizona Economic Trends* by the Arizona Department of Economic Security, Research Administration. *Industry Update* is a compilation of public announcements and articles from newspapers and periodicals about business events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of industry news is not feasible. In addition, DES, Research Administration is not responsible for incorrect information reported by these sources. For more information, contact DES, Research Administration by writing to 1789 W. Jefferson St., Site Code 733A, Phoenix, AZ 85007, or calling (602) 542-3871.

---